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ROYAL SOCIETY of NEW ZEALAND
Consolidated Financial Statements
for the year ended 30 June 2017

**Royal Society of New Zealand
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for the year ended 30 June 2017**

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**Royal Society of New Zealand
Directory
for the year ended 30 June 2017**

Society Council

Professor Richard Bedford
Professor Gaven Martin
Professor Barry Scott
Professor Dame Anne Salmond
Dr Liz Gordon
Dr Christine Jasoni
Professor Caroline Saunders
Dr Siouxsie Wiles
Professor Margaret Tennant
Dr Giles Dodson
Associate Professor Tahu Kukutai

Registered Office

11 Turnbull Street, Thorndon, Wellington

Nature of Business

Fostering science, technology and the humanities in New Zealand

Charities Commission registration number

CC38796

Independent Auditor

PricewaterhouseCoopers, Wellington



Independent auditor's report

To the Council of the Royal Society of New Zealand

The consolidated financial statements comprise:

- the statement of financial position as at 30 June 2017;
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of changes in net assets for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of accounting policies.

Our opinion

In our opinion, the consolidated financial statements of the Royal Society of New Zealand (the Society), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2017, its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and provider of agreed upon procedures, we have no relationship with, or interests in, the Group.

Responsibilities of the Council for the consolidated financial statements

The Council are responsible, on behalf of the Society, for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Council determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Council are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Council, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Council, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Chris Ussher.

For and on behalf of:

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants
16 October 2017

Wellington

Royal Society of New Zealand
Councillors' report
for the year ended 30 June 2017

The Councillors have pleasure in presenting the annual report of the Royal Society of New Zealand ("the Society") incorporating the financial statements and the auditor's report for the year ended 30 June 2017

The Councillors of the Society have authorised these financial statements presented on pages 6 - 18 for issue on 26 September 2017

For and on behalf of the Council



Richard Bedford

President

13 October 2017



Caroline Saunders

Councillor

13 October 2017

Royal Society of New Zealand
Statement of comprehensive revenue and expenses
for the year ended 30 June 2017

	Notes	Consolidated		Parent	
		2017 \$000's	2016 \$000's	2017 \$000's	2016 \$000's
<i>Revenue from non-exchange transactions</i>					
Government contract revenue	19	500	500	500	500
Donations		34	-	-	-
		534	500	500	500
<i>Revenue from exchange transactions</i>					
Society membership		245	284	245	284
Interest income		184	188	137	159
Government contract revenue	19	5,577	4,770	5,577	4,770
Rental of investment property		555	570	555	570
Other operating revenue		643	761	643	761
		7,204	6,573	7,157	6,544
<i>Revenue from non cash transactions</i>					
Gains/(Loss) on fair value of investment property	6	50	431	50	431
Total other income		50	431	50	431
Total Revenue		7,788	7,504	7,707	7,475
<i>Expenses</i>					
Audit expense		43	42	38	38
Depreciation and amortisation expense	5	204	157	204	157
Employee benefits expense		3,704	3,417	3,704	3,417
Grants		42	46	-	-
Transfer to Royal Society of New Zealand Endowment Fund Trust		-	-	-	735
Other expenses		3,365	2,882	3,365	2,882
Losses/(Reversal) on revaluation of land and buildings	5	(430)	5	(430)	5
Total Expenses		6,929	6,549	6,882	7,234
Total surplus / (deficit) for year		860	954	826	240
Other comprehensive revenue and expense					
Gains/(Losses) on revaluation of land and buildings		-	-	-	-
Other comprehensive revenue and expense for the year		-	-	-	-
Total comprehensive revenue and expense for the year		860	954	826	240
Surplus / (deficit) attributable to:					
Parent - Royal Society of New Zealand		826	240	826	240
Subsidiary - Royal Society Endowment Fund Trust		34	714	-	-
		860	954	826	240
Total comprehensive revenue and expense attributable to:					
Parent - Royal Society of New Zealand		826	240	826	240
Subsidiary - Royal Society Endowment Fund Trust		34	714	-	-
		860	954	826	240

The above statements of comprehensive revenue and expenses should be read in conjunction with the accompanying notes on pages 10 - 18

**Royal Society of New Zealand
Statement of changes in net assets
for the year ended 30 June 2017**

Group	Notes	Special purpose reserve \$000's	Asset revaluation reserve \$000's	Retained surplus \$000's	Total equity \$000's
Balance as at 1 July 2015		1,191	-	14,160	15,351
Surplus (deficit) for the year		-	-	954	954
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	954	954
Transfer to/(from) designated purpose reserve	11	713	-	(713)	-
Closing equity 30 June 2016		1,904	-	14,401	16,305
Surplus (deficit) for the year		-	-	860	860
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	860	860
Transfer to/(from) designated purpose reserve	11	28	-	(28)	-
Closing equity 30 June 2017		1,932	-	15,233	17,165

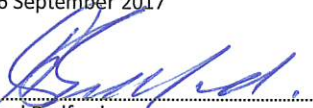
Parent	Notes	Special purpose reserve \$000's	Asset revaluation reserve \$000's	Retained surplus \$000's	Total equity \$000's
Balance as at 1 July 2015		235	-	14,170	14,405
Surplus (deficit) for the year		-	-	240	240
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	240	240
Transfer to/(from) designated purpose reserve		-	-	-	-
Closing equity 30 June 2016		235	-	14,410	14,645
Surplus (deficit) for the year		-	-	826	826
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	826	826
Transfer to/(from) designated purpose reserve	11	-	-	-	-
Closing equity 30 June 2017		235	-	15,236	15,471

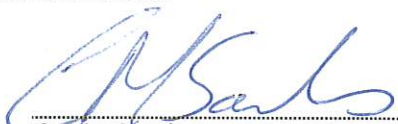
The above statements of changes in net assets should be read in conjunction with the accompanying notes on pages 10 - 18

**Royal Society of New Zealand
Statement of financial position
as at 30 June 2017**

	Notes	Group		Parent	
		2017 \$000's	2016 \$000's	2017 \$000's	2016 \$000's
ASSETS					
Current assets					
Cash and cash equivalents	9	4,080	2,290	3,601	1,569
Receivables from exchange transactions	7	288	190	276	185
Investments and other financial assets	10	2,770	4,110	1,563	3,169
Prepayments		50	15	50	15
Inventories		20	17	20	17
Total current assets		7,209	6,623	5,511	4,956
Non-current assets					
Property, plant and equipment	5	7,837	7,497	7,837	7,497
Investment Properties	6	3,510	3,460	3,510	3,460
Intangible assets	8	260	115	260	115
Total non-current assets		11,607	11,071	11,607	11,071
Total assets		18,816	17,694	17,118	16,027
LIABILITIES					
Current liabilities					
Trade and other payables	12	949	896	945	889
Income in advance	13	702	493	702	493
		1,651	1,389	1,647	1,382
Total Liabilities		1,651	1,389	1,647	1,382
Net assets		17,165	16,305	15,471	14,645
EQUITY					
Retained earnings		15,233	14,401	15,236	14,410
Designated purpose reserve	11	1,932	1,904	235	235
		17,165	16,305	15,471	14,645

Signed for and on behalf of the Council who authorised these financial statements for issue on 26 September 2017


Richard Bedford
President
13 October 2017


Caroline Saunders
Councillor
13 October 2017

The above statements of financial position should be read in conjunction with the accompanying notes on pages 10 - 18

Royal Society of New Zealand
Cash flow statement
For the Year ended 30 June 2017

Notes	Consolidated		Parent	
	2017 \$000's	2016 \$000's	2017 \$000's	2016 \$000's
Cash flows from operating activities				
<u>Receipts</u>				
Receipts from non-exchange transactions	534	500	500	500
Receipts from exchange transactions	7,155	6,363	7,153	6,363
	<u>7,689</u>	<u>6,863</u>	<u>7,653</u>	<u>6,863</u>
<u>Payments</u>				
Payments to suppliers	3,461	2,868	3,411	2,823
Payments to employees	3,696	3,406	3,696	3,406
Transfer to Endowment Trust	-	-	-	735
	<u>7,158</u>	<u>6,275</u>	<u>7,108</u>	<u>6,964</u>
Net cashflows from operating activities	<u>531</u>	<u>588</u>	<u>545</u>	<u>(102)</u>
Cash flows from investing activities				
<u>Receipts</u>				
Sale of property, plant & equipment	-	-	-	-
Investment income	-	-	-	-
Interest received	180	197	141	159
Withdrawals of short term investments	1,951	-	1,682	-
Repayments of investments	-	-	-	-
	<u>2,131</u>	<u>197</u>	<u>1,823</u>	<u>159</u>
<u>Payments</u>				
Purchase of property plant & equipment	259	274	259	274
Purchase of short term investments	-	413	-	385
Purchase of long term investments	611	-	76	-
	<u>870</u>	<u>687</u>	<u>335</u>	<u>659</u>
Net cashflows from investing activities	<u>1,260</u>	<u>(489)</u>	<u>1,487</u>	<u>(499)</u>
Net cashflows from financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	1,790	98	2,032	(601)
Cash and cash equivalents at 1 July 2016	2,290	2,193	1,569	2,171
Cash and cash equivalents at 30 June 2017	<u>4,080</u>	<u>2,290</u>	<u>3,601</u>	<u>1,569</u>

The above cash flow statements should be read in conjunction with the accompanying notes on pages 10 - 18

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2017**

Note 1. Reporting entity

The reporting entity is the Royal Society of New Zealand ("The Society"). The Society is domiciled at 11 Turnbull Street, Wellington New Zealand and is a charitable organisation incorporated under the Royal Society of New Zealand Act 1977 and the Charities Act 2005.

The financial statements comprising the Society and its controlled entity, The Royal Society of New Zealand Endowment Trust (the Trust), (together the "Group"), are presented for the year ended 30 June 2017.

These Group financial statements and accompanying notes summarise the financial results of activities carried out by the Society. All entities within the group are charitable organisations registered under the Charitable Trusts Act 1957 and the Charities Act 2005.

The Society ("the Parent") is an independent statutory body, exempt from income tax. Membership of the Society consists of fellows, ordinary members, companions, constituent organisations, regional constituent organisations, affiliate organisations, honorary members and honorary fellows. The Society Council has control of the Society.

The object of the Society and its controlled trust is the advancement and promotion of science, technology and the humanities in New Zealand. It does this by:

- fostering a culture within New Zealand that supports science, technology and the humanities (promoting public awareness, knowledge, and understanding of science, technology and the humanities; and advancing science education);
- encouraging, promoting and recognising excellence in science, technology and the humanities;
- providing an infrastructure and other support for the professional needs and development of scholars;
- establishing and administering for members a code of professional standards and ethics in science, technology and the humanities;
- providing expert advice on important public issues to the Government and the community.

These consolidated financial statements have been approved for issue by Council on 26 September 2017.

Note 2. Statement of compliance

The consolidated financial statements of the Group and financial statements of the Parent have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity Standards ("PBE Standards") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-for-Profit entities. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-for-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large. The Council has elected to report in accordance with Tier 2 Not-for-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions. This decision results in the Group not preparing a Statement of Service Performance for both reporting periods.

Note 3. Changes in accounting policy

There have been no changes in accounting policy

Note 4. Summary of accounting policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

4.1 Basis of measurement

These consolidated and parent financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets as identified in specific accounting policies below.

4.2 Functional and presentational currency

The consolidated and parent financial statements are presented in New Zealand dollars (\$), which is the Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars.

4.3 Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of the controlled trust of the Royal Society of New Zealand as at 30 June 2017 and the results of the controlled trust for the year then ended. The Royal Society of New Zealand and its controlled trust together are referred to in these financial statements as the Group or the consolidated entity.

Controlled trusts are all those entities over which the Society has the power to govern the financial and operating policies, generally accompanied by holding more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Society controls another entity. Controlled trusts which form part of the Group are consolidated from the date on which control is transferred to the Society. They are de-consolidated from the date that control ceases. Inter-trust transactions, balances and unrealised gains on transactions between Group entities are eliminated on consolidation. Unrealised losses are also eliminated unless they result from impairment. The accounting policies of the controlled trust are consistent with the policies adopted by the Group.

4.4 Investment in controlled trust

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled trust. The controlled trust is incorporated in New Zealand and has a balance date of 30 June.

Name of entity	Principal Activities	Equity Holding	
		2017	2016
Royal Society of New Zealand Endowment Fund Trust	Support charitable purposes of the Society	100%	100%

4.5 Revenue

Revenue from non-exchange transactions

Donations

Donations are recognised as revenue upon receipt and include donations from members and the general public.

Legacies and bequests

Revenue from legacies and estates that satisfy the definition of an asset are recognised as revenue when it is probable that future economic benefits or service potential will flow to the group, and the fair value can be measured reliably.

Bequests and donations received on trust for particular purposes are recorded as revenue on a cash received basis in the statement of comprehensive revenue and expenses. These monies are not available for funding the operations of the Society.

Services in Kind

The Society is provided services by volunteers. The fair value of such services cannot be reliably measured. No value is given to these services in these financial statements.

Revenue from exchange transactions

Revenue comprises the fair value of consideration received for the sale of goods and services excluding Goods and Services Tax, rebates and discounts.

Revenue is recognised as follows:

Sales of Publications

Sales of publications are recognised when the Group has delivered a publication to the customer.

Sales of services

Sales of services are recognised in the accounting period in which services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total service to be provided.

Interest Income

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental Income

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Contract Income

Contract income received from the Ministry of Business, Innovation and Employment is a primary source of income for the Society.

Government and non-government income is recognised as revenue when it becomes receivable unless there is an obligation to return the funds if conditions of the contract are not met. If there is such an obligation, the income is initially recorded as income received in advance and recognised as revenue when conditions of the contract are satisfied.

4.6 Goods and Services Tax (GST)

The statement of comprehensive revenue and expenses has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

4.7 Leases

The Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive revenue and expenses on a straight-line basis over the period of the lease.

The Group is the lessor.

Assets leased to third parties under operating leases are included in investment property in the balance sheet. Rental income (net of any incentives given to lessees) is recognised in surplus or deficit on a straight-line basis over the lease term.

4.8 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the Statement of Financial Position.

4.9 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of revenue and expenses.

4.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

4.11 Investments and other financial assets

Financial assets within the scope of PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

Regular purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. All financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through surplus or deficit. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

The category determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in any other comprehensive revenue and expenses. The Group's financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivables or as available for sale financial assets. The Group's financial assets include: cash and cash equivalents, short term deposits, receivables from non-exchange transactions, receivables from exchange transactions and investments.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards or ownership.

Investment in controlled Trust

The investment in the controlled trust in the Parent financial statements is stated at cost less impairment.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. "Trade and other receivables", "investments" and "cash and cash equivalents" are classified as loans and receivables in the balance sheet.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

4.12 Financial liabilities

The Group's financial liabilities include trade and other creditors. The Group's financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. These amounts are unsecured and usually paid within 30 days of recognition.

4.13 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

4.14 Investment properties

Property held to earn rent or for capital appreciation or both is classified as investment property in accordance with PBE IPSAS 16 Investment Property. Investment property is measured initially at cost, including transaction costs, and thereafter is stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment property are included in the statement of comprehensive revenue and expenses in the year in which they arise.

4.15 Property, plant and equipment

All property, plant and equipment excluding land and buildings is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive revenue and expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation of property, plant and equipment is calculated on a straight-line basis so as to expense the cost of the assets over their useful lives. The useful lives are as follows:

- Buildings	30 and 40 years
- Furniture	10 years
- Office equipment	5 to 10 years
- Computer equipment	3 years

Capital work in progress is not depreciated until commissioned.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive revenue and expenses.

Land and buildings are initially recorded at cost, and subsequently are recorded at fair value, as determined by an independent valuer.

Land and buildings are valued annually at balance date. To the extent that any revaluation gain reverses a loss previously charged to the statement of comprehensive income for a class of assets, the gain is credited to the statement of comprehensive revenue and expenses.

Otherwise, revaluation gains are credited to a revaluation reserve in other comprehensive revenue and expenses for that class of asset. To the extent that any revaluation loss reverses a gain previously credited to an asset revaluation reserve for the asset class, the loss is debited to the asset revaluation reserve. Otherwise, revaluation losses are recognised in the statement of comprehensive revenue and expenses.

On revaluation any accumulated depreciation is eliminated against the gross carrying amount of the asset.

4.16 Intangible assets

Intangible assets are initially measured at cost and subsequently measured at cost less accumulated amortisation and impairment. Cost includes expenditure directly attributable to the acquisition of the asset.

4.17 Special Purpose Reserve (SPR)

In order to provide funds that can be distributed to winners of Awards, a separate Special Purpose Reserve has been created with amounts transferred from the retained surplus to the SPR. The Group's policy is to invest the funds in term deposits until the amounts are utilised.

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2017**

**Note 5. Property, plant and equipment
As at 30 June 2016**

	Consolidated and Parent					
	At Cost or valuation \$000's	Acquisitions (Transfers) (Disposals) \$000's	Revaluation Mvmts \$000's	Depreciation		Net Book amount \$000's
		2016 year \$000's	Acc Depreciation \$000's			
Furniture & equipment	427	44	-	41	233	238
Computer equipment	183	10	-	33	123	70
Land & buildings	7,221	57	(5)	83	-	7,190
	7,830	111	(5)	158	356	7,498

	Consolidated and Parent					
	At Cost or valuation \$000's	Acquisitions (Transfers) (Disposals) \$000's	Revaluation Mvmts \$000's	Depreciation		Net Book amount \$000's
		2017 year \$000's	Acc Depreciation \$000's			
Furniture & equipment	471	46	-	40	247	178
Computer equipment	194	84	-	35	159	119
Land & buildings	7,190	5	430	85	-	7,540
	7,854	43	430	160	406	7,837

The Group's freehold land and buildings are stated at their 30 June 2017 valuation as determined by an independent registered valuer, Duncan Watts of CBRE Ltd. Duncan Watts B.Comm (VAPM MPINZ), is a Public Valuer, registered in terms of the Valuers Act 1948 and is the holder of a current Annual Practising Certificate.

The basis of valuation is Direct Comparison (for redevelopment land), Capitalisation and Discounted Cashflow approaches for Investment value.

Land is not depreciated. Depreciation of property, plant and equipment is calculated on a straight-line basis so as to expense the cost of the assets over their useful lives.

Note 6. Investment properties

	2017 \$000's		2016 \$000's	
	Consolidated	Parent	Consolidated	Parent
Land - Fair value opening balance	3,460	3,460	3,029	3,029
Valuation movements	50	50	431	431
Land - Fair value closing balance	3,510	3,510	3,460	3,460

The Society's investment properties are stated at their 30 June 2017 valuation as determined by an independent registered valuer, Duncan Watts of CBRE Ltd. Duncan Watts B.Comm (VAPM), MPINZ is a Public Valuer, registered in terms of the Valuers Act 1948 and is the holder of a current Annual Practising Certificate. The assessment of fair value is supported by external market evidence.

Note 7. Trade and other receivables

	2017 \$000's		2016 \$000's	
	Consolidated	Parent	Consolidated	Parent
Gross accounts receivable	288	276	212	207
Provision for accounts receivable	0	0	(22)	(22)
	288	276	190	185

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Note 8. Intangible assets

As at 30 June 2016

	At Cost or valuation	Acquisitions (Transfers)	Consolidated and Parent Revaluation Mvmts	Amortisation 2016 year	Acc Amortisation	Net Book amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
MIR Database system (acquired externally)	-	115	-	-	-	115
	-	115	-	-	-	115

As at 30 June 2017

	At Cost or valuation	Acquisitions (Transfers)	Revaluation Mvmts	Amortisation 2017 year	Acc Amortisation	Net Book amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
MIR Database system (acquired externally)	115	170	-	25	25	260
	114	170	-	25	25	260

The Master Identity Record (MIR) database system is being developed to provide the Society with an integrated contacts database. The overall project will be staged over multiple years. Stage 1 was completed to the point of use at 31 October 2016. Based on its experience with the previous system, the Society has adopted a ten year useful economic life of the asset.

Note 9. Cash and cash equivalents

	2017 \$000's		2016 \$000's	
	Consolidated	Parent	Consolidated	Parent
Current accounts	22	7	29	15
Treasury call accounts	773	584	1,361	654
Short term deposits (mature within 3 months)	3,285	3,010	900	900
	4,080	3,601	2,290	1,569

In both the 2016 and 2017 years term deposits are held with the Bank of New Zealand and RaboDirect.

The Society has a \$525,000 facility by way of BNZ Business Visa. (2016: \$525,000).

Note 10. Investments and other financial assets.

	2017 \$000's		2016 \$000's	
	Consolidated	Parent	Consolidated	Parent
Term deposits - current	2,135	1,463	4,086	3,145
Corporate bonds	635	100	24	24
	2,770	1,563	4,110	3,169

In both the 2016 and 2017 years term deposits are held with the Bank of New Zealand and RaboDirect.

Corporate Bonds comprise:

Trustpower Senior Bonds - Interest rate 4.01%, maturity December 2022

Contact Energy - Interest rate 4.63%, maturity 15 November 2022

Vector Limited - Interest rate 5.7%, maturity June 2022

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Notes to the Financial Statements
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Note 11. Designated purpose reserves

Consolidated 2016 Financial year	2015	Contributions	Disbursements	Balance 2016
	\$000's	\$000's	\$000's	\$000's
Designated Fund	235	735	-	970
Bates Memorial Scholarship	70	2	(6)	66
Hatherton Fund	39	1	(1)	39
Charles Fleming Fund	457	12	(18)	451
Manawatu Fund	13	-	-	13
Benson, Hutton & Mappin Funds	73	2	(11)	64
Skinner Fund	167	4	(8)	163
T K Sidey Summertime Fund	29	1	-	30
Hamilton Memorial Prize	32	1	(2)	31
Leonard Cockayne Memorial Lecture	76	2	(1)	77
	1,191	760	(47)	1,904

Parent 2016 Financial year	2015	Contributions	Disbursements	Balance 2016
	\$000's	\$000's	\$000's	\$000's
Designated Fund	235	-	-	235
	235	-	-	235

Consolidated 2017 Financial year	2016	Contributions	Disbursements	Balance 2017
	\$000's	\$000's	\$000's	\$000's
Designated Fund	970	21	-	991
Bates Memorial Scholarship	66	2	(12)	56
Hatherton Fund	39	1	(2)	38
Charles Fleming Fund	451	12	(17)	446
Manawatu Fund	13	-	-	13
Benson, Hutton & Mappin Funds	64	2	(11)	55
Skinner Fund	163	4	(3)	164
T K Sidey Summertime Fund	30	1	-	31
Hamilton Memorial Prize	31	1	(3)	29
Leonard Cockayne Memorial Lecture	77	2	0	79
Estate Raewyn Good	0	30	0	30
	1,904	76	(48)	1,932

Parent 2017 Financial year	Balance 2016	Contributions	Disbursements	Balance 2017
	\$000's	\$000's	\$000's	\$000's
Designated Fund	235	-	-	235
	235	-	-	235

Note 12 Trade and other payables

	2017		2016
	\$000's		\$000's
	Consolidated	Parent	Consolidated
			Parent
<i>Current liabilities</i>			
Creditors	374	371	384
Employee entitlements	272	272	264
Other accruals	291	291	245
GST payable/(receivable)	12	12	3
	949	945	896

Note 13 Income in advance

	2017		2016
	\$000's		\$000's
	Consolidated	Parent	Consolidated
			Parent
Journal income	79	79	102
Membership subscriptions	184	184	110
Other	439	439	281
	702	702	493

Membership subscriptions are usually paid 12 months in advance however as part of a transition period, fees invoiced Jan - March 2017 are for the 18 month period to 30 June 2018. The balance relates to member's future entitlement to benefits. Other income in advance represents all other contract revenue paid to the Group that is attributable to work still to be performed after 30 June.

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Note 14	Contestable funds	2017		2016	
		\$000's		\$000's	
		Consolidated	Parent	Consolidated	Parent
	Opening contestable funds	21,111	21,111	19,033	19,033
	Receipts	84,276	84,276	78,728	78,728
	Interest earned & accrued	242	242	324	324
	Payments	(79,869)	(79,869)	(76,974)	(76,974)
	Closing contestable funds	25,760	25,760	21,111	21,111

The group managed seven contestable funds on behalf of government in the year ended 30 June 2017. (2016: nine). The fund monies shown in this note are not included in the group's Statements of comprehensive revenue and expenses or Statements of Financial Position, as ownership of the monies is not vested in the Group.

This note serves to highlight the significant funding administered by the Group. The Group received \$5.8m in administration fees from MBIE in the 2017 financial year. (2016 \$5.2m).

Note 15	Deposits held on behalf of third parties.	2017		2016	
		\$000's		\$000's	
		Consolidated	Parent	Consolidated	Parent
	Term deposits on behalf - Rutherford Foundation Trust	2,900	2,900	2,098	2,098
	Term deposits on behalf - James Hay	53	53	52	52
	Term deposits on behalf - Ecohydraulics	26	26	26	26
		2,979	2,979	2,176	2,176

Ownership of these funds does not rest with the Group. These deposits are not included within the assets of the Group.

Note 16	Commitments	2017		2016	
		\$000's		\$000's	
		Consolidated	Parent	Consolidated	Parent
	The group has entered into an agreement with Sharp Corporation Ltd which commits it to a guaranteed spend on copying over a four-year period.	30	30	55	55
	The potential commitment is based on targeted volumes	30	30	55	55

Note 17 Contingent Liabilities

In 2013 the Society entered into a contract with the European Union as lead contractor for a series of activities. This project was completed by 30 June 2016 with final reports being lodged by each of the 6 parties including financial reconciliations. Since the reports have been filed, the European Union has advised they will only pay a proportion of the final costs leaving a shortfall. Discussion with the European Union indicates a total liability of \$163k with the Society's portion being \$96k.

Note 18 Events occurring after balance date

The Council of the Society has resolved to transfer \$2.5m to the Endowment Trust. There are no other significant events subsequent to balance date.

Note 19	Income	2017		2016	
		\$000's		\$000's	
		Consolidated	Parent	Consolidated	Parent
	Non-exchange transactions				
	Income from Government Contracts	500	500	500	500
	Donations	34	-	-	-
	Exchange transactions				
	Income from Government Contracts	5,577	5,577	4,770	4,770
	Other products and services	438	438	391	391
		6,549	6,515	5,661	5,661

Contractual payments received from the Ministry of Business, Innovation and Employment are the primary source of income earned by the Society and are restricted for the purposes of the Society meeting its objectives as specified in the Royal Society of New Zealand Act 1997.

Government and non-government receipts are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the contract are not met. If there is such an obligation, the receipts are initially recorded as income in advance and recognised as revenue when conditions of the contract are satisfied.

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Note 20 Related parties

No significant related party transactions occurred during the financial year. In the 2016 year the Society made a \$735,000 donation payment to the Royal Society of New Zealand Endowment Fund Trust. The transaction was eliminated on consolidation.

Note 21 Key management personnel

The key management personnel, as defined by PBE IPSAS 20 are the members of the governing body that is comprised of the Council, the Chief Executive, the Chief Operating Officer and the Directors. No remuneration is paid to members of Council. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2017 \$000's		2016 \$000's	
	Consolidated	Parent	Consolidated	Parent
Total remuneration	1,261	1,261	1,190	1,190
Number of persons	7	7	7	7

Note 22 Financial Instrument Classification

Financial instruments were classified for the purpose of measurement into the following categories.

Consolidated

As at 30 June 2016	Loans and	Other liabilities	Total
	receivables	at amortised	
	\$000's	cost	\$000's
Cash and cash equivalents	2,290	-	2,290
Trade and other receivables	190	-	190
Investments	4,110	-	4,110
Trade and other payables	-	(896)	(896)
	6,591	(896)	5,694

As at 30 June 2017

	\$000's	\$000's	\$000's
Cash and cash equivalents	4,080	-	4,080
Trade and other receivables	288	-	288
Investments	2,770	-	2,770
Trade and other payables	-	(949)	(949)
	7,138	(949)	6,189

Parent

As at 30 June 2016	Loans and	Other liabilities	Total
	receivables	at amortised	
	\$000's	cost	\$000's
Cash and cash equivalents	1,569	-	1,569
Trade and other receivables	185	-	185
Investments	3,169	-	3,169
Trade and other payables	-	(889)	(889)
	4,923	(889)	4,034

As at 30 June 2017

	\$000's	\$000's	\$000's
Cash and cash equivalents	3,601	-	3,601
Trade and other receivables	276	-	276
Investments	1,563	-	1,563
Trade and other payables	-	(945)	(945)
	5,440	(945)	4,495